

## **Challenges to regional integration: the case of SADC**

*By Henning Melber\**

At the beginning of the 21<sup>st</sup> century, Swedish authorities drafted and ultimately adopted (on 27 June 2002) a “Swedish Strategy for Support for Regional and Subregional Development Cooperation in Sub-Saharan Africa” as a framework for the period until 2006. The document concludes, “there is a need to attempt to define more closely what is meant by regional relevance” (para. 2.2). In the light of rapid changes taking place, the current forces affecting regional integration adversely require continued assessment to possibly readjust any truly supportive role in regional schemes.

Recent trends, more clearly emanating since the adoption of the Swedish policy document, point in an altogether different direction than the strengthening of regional cooperation through the initiatives presently undertaken within increasingly global arrangements. The new factors include:

- the transformation of the Organisation of African Unity (OAU) into the African Union (AU) with a modified agenda on policy and security issues among African states;
- the adoption and implementation of The New Partnership for Africa’s Development (NEPAD) as an – at least formally and officially proclaimed - AU strategy with an (unfortunate) emphasis in its implementation on socio-economic (and to some extent security) issues;
- the further enhancement of bi- and multilateral trade agreements between external agencies and individual African states, which might have a potentially dividing impact on regional integration issues, such as the EU Free Trade Agreement with South Africa (EU-SA FTA) or the US-American African Growth and Opportunity Act (AGOA), as well as G8 projects of its African Action Plan in support of NEPAD.

Not only matters related to the global economic exchange, but also recent political developments and their treatment in multinational bodies might require new assessments of the state of regional collaboration in various African settings. One example to illustrate this case is the controversy over Zimbabwe. It escalated into a sharp division of views within the Commonwealth group of states over the continued suspension at the end of 2003 and as a result of these debates showed the divisions over the policy towards Zimbabwe also within SADC. It is hardly an exaggeration to state that the inability for SADC to agree on a common denominator concerning the policy vis-à-vis Zimbabwe has an almost paralysing effect. The current dilemma is in

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actual fact a good example to illustrate the political obstacles within SADC and the limits towards further regional cooperation with the aim of enhanced integration.

The same can be concluded from the current trends within NEPAD. It seems to emerge increasingly as a type of mega-NGO to channel aid-funds into developmental projects, which at best claim, but in reality fail, to be driven by a desire towards enhanced regional collaboration. The programmes and policies funded under NEPAD are implemented mainly by countries and not by regional bodies. Hence NEPAD in effect more undermines than strengthens an agency such as SADC (or any other regional institution). This is a trend notwithstanding the fact that NEPAD attributes substantial relevance to regional bodies when identifying ways and means to achieve the defined socio-economic goals.

NEPAD claims that its agenda is “based on national and regional priorities and development plans”, which ought to be prepared “through participatory processes involving the people” (para. 49). So far, however, no visible signs in the SADC would indicate that the collective (multilateral) efforts aim at a united approach of the region in its relations with the outside world. Nor does NEPAD so far translate its noble aims into practical steps for implementation. The blue print emphasises sub-regional and regional approaches even under a separate sub heading. It stresses “the need for African countries to pool their resources and enhance regional development and economic integration ... to improve international competitiveness” (para. 94). But the crux of the matter lies there: the emphasis on international competitiveness comes at the expenses of strengthening the local economy and the local people.

As Patrick Bond in his annotated critique of NEPAD (2002: 134f.) points out, integration in Africa should as a priority “meet the socio-economic and environmental needs of its citizenries” instead of seeking to turn even more into an export platform.

NEPAD claims further to enhance the provision of essential regional goods as well as the promotion of intra-African trade and investments, with another focus on “rationalising the institutional framework for economic integration” (para. 95). But again, such an approach neglects the local/internal in favour of the global/external orientation. The implementation of NEPAD will hence most likely have the adverse effect and assist in an increased outward orientation of a regional bloc at the expense of internal consolidation. It is interesting to note in this context, that notwithstanding the decisive role of South Africa within NEPAD, SADC has so far hardly acknowledged and certainly not embraced the initiative. Illuminating enough, the SADC Executive Secretary Prega Ramsamy manages in a recent essay on NEPAD to mention SADC just in one general cross-reference to the need of working closely with sub-regional institutions (2004: 49).

The EU-SA FTA had an even more divisive effect on the Southern African region by entering into a preferential trade relation with one country and thereby enhancing differences within the region resulting from existing conflicts of interest among the national economies. South Africa herself, the monetary zone, the South African Customs Union (SACU) and SADC are already not in harmony at any time and less so given the effects of the FTA on regional economic matters. Hence the EU intervention adds more friction.

The new Economic Partnership Agreements (EPAs) negotiated between the ACP states and the EU not only seek to replace the previous Cotonou Agreement by means of sub-regional separate negotiations but also aim towards compatibility between EU-ACP trade relations and the World Trade Organisation (WTO). They are hence dependent upon the settlement of the Doha Development Agenda's controversial and yet unresolved issues. Interesting enough, the draft European Constitution makes no reference to cooperation with ACP states. It is only fair to assume that the EU enlargement shifts interest even further away from the neighbouring continent towards more collaboration closer to Brussels. In addition, the negotiations by the EU aim at separate accords with each region, and no country may negotiate in more than one bloc. As such, SADC is reduced to seven member countries (half of the 14 SADC states) under the EPA negotiations.

It is not far fetched to see that there is an in-built conflict between regionalism as it exists and the negotiations of new multilateral processes. Countries might differ over the advantages between benefits from the continued protection of regional arrangements or the creation of individual preferential access within other trade agreements. As Ian Gillson and Sven Grimm (2004) argue: "regionalism may actively serve to undermine the multilateral process, since regional agreements establish margins of preference for members over non-members. As such, for members of a preferential trade agreement, multilateral liberalisation can have costs associated with erosion of preferences." But if regionalism is considered as a problem or obstacle towards further global harmonisation under the WTO, it stands little chances of being a viable point of departure for strengthening the South (or any LDCs) within the global trade arrangements.

Instead, the predictable outcome of the current negotiations under the WTO related agreements is a "shrinking of development space", as Robert Wade calls it. To avoid such in-egalitarian pseudo-partnerships, he argues (2003: 15), a shift in balance "from the drive to homogenize trading commitments to other states towards granting states reasonable scope to choose appropriate levels of national protection" is required. A development strategy would therefore have to operate in a zone where both internal as well as external integration reinforce rather than undermine each other. Instead, issues of internal integration (including issues of regional integration) have largely dropped out of the development agenda as the gospel of the free trade paradigm dominates the discourse.

The same limiting effects can be expected from the Free Trade Agreement between SACU and the USA. The SACU-US FTA seems to promise nothing different from AGOA, which tends to separate and divide instead of bringing African economies and interests closer. The benefits from AGOA differ among African countries according to their resources. Ironically, within those countries having been allocated a LDC status under AGOA (receiving additional preferential treatment), external capital (from mainly East Asian countries) has managed to exploit the opportunities created for supplying the US market under preferential tax regimes with cheap textiles from these countries. The by and large unqualified and underpaid workforce in the local sweatshops is hardly reaping any benefits from the super exploitation. Nor does the fiscus in these states, as initial investments and running costs for operations are substantially subsidised with public revenue instead of providing any tax income from the profits generated.

Such recent trends indicate towards less than more regional cooperation and integration, at least in macro-economic terms along the official membership in such bodies like SADC. The political and security interests might provide with increased support by the G8 the strengthening of initiatives towards closer regional collaboration in reducing armed conflicts and securing more stability. Such stability continues however to be perceived as regime security, in contrast to a concept of human security. The latter would give primacy to human rights in favour of the citizens and not preference to the governments in power. It therefore remains a task to at least fit human rights into the trade matrix, as Thoko Kaime (2004) demanded for SADC.

Even if there would be achievements in this direction, the multi-dimensionality and heterogeneity of a region like Southern Africa is likely to persist and may eventually increase, as Fredrik Söderbaum (2002: 183) concludes. This does not prevent external support towards further positive regional interdependence. But – as Liisa Laakso (2002: 8) summarises – this requires more than merely the opening up to the global economy. More so, it would have to re-visit matters of regional economic collaboration and seek involvement of the majority of the African population in these countries. The current initiatives by the EU and the US under the WTO offer little to no promise to contribute to such a desirable tendency, neither in SADC nor elsewhere.

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